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## Official Claims New Legislation Is Vindicated As Overseas Firms Line Up for Mining Licenses

The Energy and Mineral Resources Ministry is expected to issue six mining licenses under the country's new mining law over the next two months to five companies, including to Anglo-Australian miner Rio Tinto and Canada's Barrick Gold Corporation, a ministry official said Tuesday.

The companies are currently exploring under provisional licenses, with four of the five searching for gold, while Rio Tinto is seeking nickel in Sulawesi, Bambang Gatot Ariyono, the ministry's coal and mineral development director, said on the sidelines of a Jakarta meeting to explain the new mining law.

Although the Jakarta unit of PricewaterhouseCoopers complained in February that the new legislation had rendered the investment climate unfavorable as it didn't offer long-term protection for large-scale capital projects as the old law did, Bambang said the fact that the five companies had sought licenses was testimony that it worked.

Barrick, Canada's biggest publicly traded company, is exploring in Sumatra's Bengkulu region for gold deposits. PT Nusa Palapa has teamed up with an Australian mining company in Bengkulu, while Canada's Southern Arc Minerals is exploring six sites in Java, Lombok and Sumbawa.

Rio Tinto said in January that it remained committed to investing up to \$2 billion in a Central Sulawesi project, in which it will explore extensive nickel deposits in Lasamphala district. The plan is to process the ore to pure nickel, which fetches higher prices than less-processed nickel-in-matte, or ferro nickel.

Under the new mining law, passed in December, concessions are limited to 100,000 hectares, which shrinks to 25,000 when production starts. There was no limit under the previous law.

Bambang said the ministry was seeking ways to enlarge the concessions. "We are considering whether to grant more than one license in order to embrace all the acreage they have currently," he said, adding that the government intended to honor existing contracts of work, including the previous acreage.

Bambang warned, however, that any new mining rights issued by local governments after January 12 would have to comply with the new law. Local governments have yet to report whether they have granted mining rights to companies since that date.

Indonesia has enormous mineral potential, but convoluted red tape and complicated regulations had often discouraged foreign investors, critics said.

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